

AMENDED IN ASSEMBLY MAY 3, 2005

AMENDED IN ASSEMBLY APRIL 20, 2005

AMENDED IN ASSEMBLY MARCH 30, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 117

Introduced by Assembly Member Cohn

January 13, 2005

An act to add Section 14133.06 to the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

AB 117, as amended, Cohn. Medi-Cal: treatment authorization requests.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and pursuant to which health care services are provided to qualified low-income persons.

Under existing law, one of the utilization controls to which services are subject under the Medi-Cal program is the treatment authorization request (TAR) process, which is approval by a department consultant of a specified service in advance of the rendering of that service based upon a determination of medical necessity.

This bill would require the department to establish a centralized treatment authorization request operation or to standardize the criteria to be used in the approval of the requests.

This bill would require the department, in conjunction with appropriate stakeholders, to prepare a strategic plan, that includes, among other things, the identification of one centralized office

location in California to process TARs for purposes of the Medi-Cal program. The bill would require the department to submit a report on the plan to the Legislature on or before ~~March~~ July 1, 2006.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The treatment authorization request (TAR) process used
- 4 under the Medi-Cal program was established as a utilization tool
- 5 to control health care costs and prevent fraud and unnecessary
- 6 care by requiring prior authority for certain treatments.
- 7 (b) As part of the utilization control, Medi-Cal providers are
- 8 required to obtain prior authorization for a range of services that
- 9 may include, but are not limited to, certain inpatient care, nursing
- 10 facility services, home health services, medical transportation,
- 11 durable medical equipment, hospice, and physician services.
- 12 (c) Over the years, delays in TAR reviews ~~has~~ have created a
- 13 retroactive system.
- 14 (d) TAR denials have increased in recent years resulting in
- 15 corresponding increases in appeals.
- 16 (e) The Medi-Cal Policy Institute examined the TAR process
- 17 in its report, Medi-Cal Treatment Authorizations and Claims
- 18 Processing: Improving Efficiency and Access to Care, and
- 19 suggested a number of changes in the TAR system.
- 20 (f) A major finding in the report of the Medi-Cal Policy
- 21 Institute states that the TAR process is manual, paper intensive,
- 22 and complex. Other findings include:
- 23 (1) Processing approvals and denials under the Medi-Cal TAR
- 24 system takes significantly longer than under prior authorization
- 25 systems of other payers such as health maintenance
- 26 organizations.
- 27 (2) There is no established timeframe for TAR turnaround,
- 28 except for pharmacy TARs.
- 29 (3) TAR reports do not include certain categories such as
- 30 deferred TARs for onsite visits and state hospital “paperless”
- 31 TARs.

1 (4) In response, physicians interviewed for the report, stated
2 that their Medi-Cal patients have been put at medical risk
3 because of preauthorization delays caused by the following:

4 (A) Medi-Cal medical reviewers' inability to evaluate urgent
5 medical situations in a timely manner.

6 (B) Medi-Cal medical reviewers' difficulty in determining
7 whether or not certain procedures are medically necessary.

8 (C) Requests for additional information for justification.

9 (5) There is shifting of the processing of TARs from counties
10 with high workloads, such as Los Angeles, to counties with low
11 workloads.

12 (6) There is an e-TAR system in place to process TARs in a
13 more timely manner.

14 SEC. 2. Section 14133.06 is added to the Welfare and
15 Institutions Code, to read:

16 14133.06. (a) The Legislature finds and declares all of the
17 following:

18 (1) The lack of uniform guidelines for processing treatment
19 authorization requests (TARs) has resulted in inconsistent
20 decisions in which one case may be approved while a similarly
21 situated case may be denied.

22 (2) Centralizing the field offices into one location and
23 standardizing the approval rate is cost-effective for the state and
24 beneficial for all hospitals and health systems *and should be*
25 *accomplished by December 1, 2006.*

26 (3) The need to change the TAR system was recognized by
27 both the Medi-Cal Policy Institute in its report, Medi-Cal
28 Treatment Authorizations and Claims Processing: Improving
29 Efficiency and Access to Care, and in the 2005 California
30 Performance Review.

31 (b) On or before ~~March~~ *July* 1, 2006, the department shall
32 prepare, in conjunction with appropriate stakeholders, a strategic
33 plan and submit a report on the plan to the Legislature. The
34 strategic plan shall include all of the following:

35 (1) The identification of one centralized office location in
36 California to process TARs for the Medi-Cal program.

37 (2) An exit strategy to close the six field offices that process
38 TARs, as of December 1, 2006, and combine TAR services
39 provided by those offices into the centralized office identified in
40 paragraph (1).

1 (3) The incorporation of the e-TAR system in use at several
2 field offices, as of December 30, 2006, into the one centralized
3 office identified in paragraph (1).

4 (4) A report on the progress of implementing—a
5 “superhighway” *an expedited short form for emergencies* by
6 January 1, 2007, to quickly respond to emergency situations.